

Internal Revenue Service  
District Director

Department of the Treasury

Person To Contact:  
[REDACTED]

Telephone Number:  
[REDACTED]

Refer Reply To:  
[REDACTED]

Your Letter Dated:

Code Section:

501(c)(4)

Date: **MAR 23 1989**

Dear Applicant,

We have considered your application for recognition of exemption from federal income tax under section 501(c)(4) of the Internal Revenue Code.

You are a non-profit membership organization formed so the residents of [REDACTED] would be able to represent the homeowners of the area when faced with tax increases, or if annexed by either [REDACTED] or [REDACTED]. You also try to have all homeowners, or if the property is for sale agents, keep the property clear of any weeds and unsightly trash. You are currently forming a contest among the homeowners to beautify the area surrounding their homes.

Your total support is from membership dues. Homeowners/members are assessed \$[REDACTED] per year per family. The number of residential homes involved is [REDACTED].

You have no pamphlets, brochures, or publications. The organization is not party to any lease, grant, contract, or agreement. You have no community programs other than trying to get homeowners to maintain their property. The organization is not involved in any common areas maintenance or facility maintenance. You are not involved in any activity that benefits the community at large. You do not own any facility but rent the meeting place from [REDACTED]. The organization does not own or maintain any such area such as roadways, parklands, sidewalks, streetlights that are accessed to, or

for the use and enjoyment of the general public.

Your organization has been made aware of the fact an election could be made by filing Form 1120-H annually and has been given Publication 588 concerning homeowners associations.

Section 501(c)(4) of the Code exempts from federal income tax civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.

Revenue Ruling 74-99, 1974-1, C.B. 131 provides that for a homeowner's association to qualify for exemption under section 501(c)(4) it must:

1. serve a community bearing a reasonably recognizable relationship to an area ordinarily identified as a governmental subdivision or unit or district thereof
2. not conduct activities directed to the exterior maintenance of private residences
3. make common areas of facilities available for the use and enjoyment of the general public.

Your organization strictly serves the [REDACTED] subdivision; it does not service the surrounding community of [REDACTED] or [REDACTED]. It does not conduct activities directed to the exterior maintenance of private residences. It does not make common areas of facilities available for the use and enjoyment of the general public nor is it involved in any activity that benefits the community at large.

Accordingly, based on all the facts and circumstances, we conclude that you do not qualify for recognition of exemption from federal income tax under section 501(c)(4) of the Code. You are therefore required to file federal income tax returns. Your organization does not qualify for exemption under any other related paragraph of IRC 501(c).

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of

your view, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted in duplicate within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

Since this letter could help resolve any questions about your exempt status, you should keep it in your permanent records.

Sincerely,

  
District Director

Enclosure:  
Publication 892